

## Message Text

UNCLASSIFIED

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62

ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 EA-10 ISO-00 INT-05 GSA-02 L-02

H-02 CIAE-00 DODE-00 INR-07 NSAE-00 PA-02 USIA-15

PRS-01 SP-02 COME-00 TRSE-00 OMB-01 FEA-01 SS-15

NSC-05 /100 W

----- 107174

R 260835Z MAR 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 7232

INFO AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY LA PAZ

AMEMBASSY LONDON

AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS JAKARTA 3590

E.O. 11652: N/A

SUBJ: SIRMAN WIDIATMAN ON USG TIN SALES

REF: KUALA LUMPUR 1557

1. SUMMARY. INDONESIAN REPRESENTATIVE ON INTERNATIONAL TIN COUNCIL (ITC) HAS ASKED EMBASSY TO CONVEY TO USG INDONESIAN CONCERN THAT NEW TIN SALES AUTHORIZATION BEFORE CONGRESS MAY PREVENT PRICES FROM RISING TO A LEVEL THAT WILL SUSTAIN PRODUCTION. END SUMMARY.

2. VISIT BY EMBOFF ON MARCH 24 TO DISCUSS PRODUCTION AND MARKETING PLANS OF STATE TIN MINING COMPANY P. N. TIMAH GAVE SIRMAN OCCASION TO EXPRESS ALARM OVER BILL HE HAD HEARD WAS INTRODUCED IN U.S. CONGRESS TO AUTHORIZE GSA'S SALE OF ADDITIONAL LARGE TONNAGE TONS OF TIN. TIMAH'S MARKETING DIRECTOR AND PRESIDENT OF ITS FOREIGN MARKETING SUBSIDIARIES, SIRMAN ALSO REPRESENTS UNCLASSIFIED

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INDONESIA IN ITC. HE SAYS THE BILL HAS RELEASED

BEARISH FLURRY IN THE MARKET, AND CLAIMS USG FAILS TO REALIZE THAT RECENT PRICES, WHILE HISTORICALLY HIGH, ARE NOT HIGH ENOUGH TO PREVENT FALL-OFF IN TIN PRODUCTION. CONSEQUENCE WILL BE CONSUMER DEPENDENCE ON FINITE RESOURCES OF USG STOCKPILE TO FILL A GROWING GAP BETWEEN OUTPUT AND CONSUMPTION.

3. SIRMAN'S ARGUMENT IS BASED ON STUDY OF PRODUCTION COSTS BY ITC, WHICH HE ARGUES WILL DEMONSTRATE STILL HIGHER PRICES REQUIRED TO FINANCE MINE REHABILITATION AND DEVELOPMENT IN FACE OF SHARPLY INCREASED EQUIPMENT COSTS. INDONESIA, AS LOW-COST PRODUCER, IS NOT THREATENED BY CURRENT PRICES AS OTHERS ARE-- BUT, HE SAID, INDONESIAN OUTPUT COULD REACH 30,000 TONS IN 1976 IF THE PRICE WERE RIGHT--E.G., IF PLANNERS AND BANKERS COULD COUNT ON TIN PRICES OF 1,000 MALAYSIAN DOLLARS PER PICUL.

NEWSOM

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## Message Attributes

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